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C O N F I D E N T I A L SAN SALVADOR 000148

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SUBJECT: SALVADORAN ASSEMBLY RESCINDS PAY RAISE, BUT DEBATE
ON SALARIES CONTINUES

REF: SAN SALVADOR 00077

Classified By: Charge Butler for reasons 1.4(b) and (d)

¶1. (U) Summary: On January 31, the Salvadoran Legislative Assembly voted unanimously to rescind their 2008 pay increase (reftel) and to reinstate the 2007 pay schedule. It appears, however, that the controversy over salaries for government officials will continue since the media continues to report large salary increases for various officials. End Summary.

¶2. (U) After three hours of contentious debate, all 84 Salvadoran legislators voted to rescind the controversial pay increase that sparked a week of public outrage. After the vote, Guillermo Gallegos, leader of the ARENA faction, declared that the matter was closed and that further investigation into the issue was unnecessary. The FMLN had called for an investigation to determine who was responsible for including the salary increase in the 2008 budget approved last September. A bill, introduced by FMLN legislators, to form a committee to investigate was opposed by ARENA and the PCN and failed to garner enough votes.

¶3. (U) While the issue over the legislators, salaries appears to be closed, new controversy has erupted over large pay increases for other government officials. The same FMLN leaders who publicly denounced the increases for the Assembly have since been forced to defend a 1000 USD monthly increase for Oscar Ortiz, the popular FMLN mayor of Santa Tecla. On January 31, Ortiz held a press conference to deny allegations of a salary increase, saying that the additional money is for "representational expenditures". Representational expenditures are common. The money is typically included with the monthly salary and is intended to reimburse officials for personal expenses.

¶4. (U) In a fortunate turn of events for ARENA, the legislators' salary issue morphed into a potentially embarrassing discussion of similar practices within the FMLN. Interestingly enough, media reports quoted Violeta Menjivar, the controversial FMLN mayor of San Salvador, as saying that she doesn't receive any money for personal expenses. She also refused to comment about the Ortiz situation.

¶5. (U) On February 1, media reported on other large salary increases for public officials, including a 61 percent increase for the Oscar Luna, the Ombudsman for Human Rights, a 68 percent increase for an assistant solicitor, a 23 percent increase for the Chief of Human Resources, and a 19 percent increase for the Chief of Audits. Other members of the Solicitor's Office received increases of 61 percent.

¶6. (C) Comment: Not surprisingly, members of ARENA are accusing the FMLN of a double standard when it comes to the salary increases. However, it is clear that both sides bear the blame for the current controversy. With public confidence in government officials already low, this latest

round of revelations and finger-pointing only serves to further erode the standing of Salvadoran politicians.

¶7. (C) Comment continued: The additional payments to Ortiz may be more than an effort to reimburse him for out-of-pocket expenses. Ortiz, a popular politician who is generally perceived as having been snubbed in an effort to secure the

FMLN presidential or vice-presidential nomination, has reportedly seriously considered bolting the FMLN for the FDR, the CD, or other party. The additional payments could well be an inducement to keep Ortiz happy, silent, and in the fold. End comment.

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